

Message Text

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ACTION EUR-08

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C O N F I D E N T I A L MOSCOW 15664

LIMDIS

E.O. 11652: GDS

TAGS: OVIP ETRD US UR (SIMON, WILLIAM)

SUBJECT: BREZHNEV BRANDISHES CARROT AND STICK BEFORE SECRETARY
SIMON

1. SUMMARY. DURING FIRST TWO DAYS OF SECRETARY SIMON'S
STAY IN MOSCOW, SOVIET PRESS TREATMENT OF VISIT WAS LIMITED
TO COVERAGE OF SUNDAY ARRIVAL STATEMENT AND MONDAY SESSION
WITH FOREIGN TRADE MINISTER PATOLICHEV. FOLLOWING TUESDAY
MEETING BETWEEN SECRETARY SIMON AND BREZHNEV
AND LATTER'S DINNER IN HONOR OF PARTICIPANTS IN US-USSR
TRADE AND ECONOMIC COUNCIL DIRECTORS' MEETING, CENTRAL PRESS
WEDNESDAY DEVOTES HEAVY REPORTAGE TO EVENTS OF PREVIOUS DAY.
SECRETARY SIMON MEETING WITH BREZHNEV, DESCRIBED BY
PRAVDA AS HAVING TAKEN PLACE IN "BUSINESS-LIKE"
ATMOSPHERE, IS REPORTED TO HAVE COVERED WIDE RANGE OF QUES-
TIONS IN US-USSR BILATERAL RELATIONS, INCLUDING DEVELOPMENT
OF ECONOMIC-TRADE TIES. BESIDES LISING PARTICIPANTS ON
BOTH SIDES, ARTICLE CONTAINS NO MORE DETAILS OF TALKS. END SUMMARY

2. UNDER FIRST-PAGE HEADLINE "IN A FRIENDLY ATMOSPHERE"
PRAVDA REPORTS DINNER HOSTED BY BREZHNEV, QUOTING IN FULL
HES SPEECH BEFORE ASSEMBLED US AND SOVIET GOVERNMENT
OFFICIALS AND BUSINESSMEN-DIRECTORS OF THE US-USSR TRADE
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AND ECONOMIC COUNCIL. BREZHNEV BEGAN SPEECH BY REMARKING

THAT SOVIET SIDE REGARDS PRESENCE OF SECRETARY SIMON AT SESSION OF US-USSR TRADE AND ECONOMIC COUNCIL DIRECTORS AS ONE OF "CONCRETE MANIFESTATIONS" OF INTENTION BY PRESIDENT FORD'S ADMINISTRATION TO FACILITATE DEVELOPMENT OF BILATERAL ECONOMIC/TRADE RELATIVONS, AS WAS STATED IN RECENT PRESIDENTIAL MESSAGE TO CONGRESS. FOR SOVIET PART, BREZHNEV CONTINUED, PARTICIPATION IN COUNCIL SESSION BY MINISTER PATOLICHEV MAY BE TAKEN AS SIGN THAT SOVIETS ASSIGN DUE IMPORTANCE TO "THIS ORGAN OF SOVIET-AMERICAN BUSINESS COOPERATION." "PERMIT ME PERSONALLY ALSO TO CONFIRM THIS TO YOU IN THE NAME OF OUR PARTY LEADERSHIP AND OF THE SOVIET STATE," HE CONTINUED.

3. IN HIS SPEECH, BRZHNEV STRESSED IMPORTANCE USSR ATTACHES TO TRADE WITH US BY QUOTING LENIN: "WE ARE DECISIVELY FOR ECONOMIC AGREEMENT WITH AMERICA-WITH ALL COUNTIRES, BUT ESPECIALLY (BOLD LETTERS) WITH AMERICA." CITING GENERALLY FAVORABLE DEVELOPMENT OF BILATERAL TRADE TIES WITH US, BREZHNEV NOTED THAT US-USSR TRADE RELATIONS NOW HEADING IN NEW, PROMISING DIRECTIONS HAVING LONG-TERM, GRANDIOSE CHARACTER. COMPENSATION DEALS--OF WHICH OCCIDENTAL CHEMICAL/FERTILIZER PROJECT AGAIN TROTTED OUT AS NOW-STANDARD EXAMPLE--APPEAR PARTICULARLY PROMISING IN BREZHNEV'S OPINION.

4. COMING DOWN HARD ON LINGERING "DISCRIMINATORY" MEASURES ON US SIDE HINDERING FULL FLOWERING OF BILATERAL TRADE, BREZHNEV NOTED ALSO DIFFICULTIES IN FINANCING US EXPEORTS TO USSR WHERE CREDITS "ARE SOMETIMES PERMITTED AND SOMETIMES FROZEN FOR AN INDEFINITE PERIOD."

5. SAVING BEST FOR LAST, BREZHNEV VIGOROUSLY ATTACKED LINKAGE UF US TRADE CONCESSIONS WITH DEMANDS ON USSR HAVING "NOTHING WHATEVER TO DO WITH THE TRADE-ECONOMIC SPHERE" AS TOTALLY INAPPROPRIATE AND UNACCEPTABLE. IF MEASURES NOT TAKEN "IN GOOD TIME" (VOVREMY) TO ELIMINATE SUCH NEGATIVE ASPECTS, FURTHER DEVELOPMENT OF COOPERATION MAY BE "SERIOUSLY DELAYED (ZADERZHIVATSA)", HE CAUTIONED. SOVIET SIDE REMAINS OPTIMISTIC--
CONCLUDED BREZHNEV--THAT REALISTIC ECONOMIC AND POLITICAL INTERESTS OF BOTH STATES, RATHER THAN EGOTISTICAL CALCULATIONS, ARE THE BASIS FOR COOPERATION.
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TIONS OF SOME INDIVIDUALS AND NARROW POLITICAL GROUPS, WILL DETERMINE PROSPECTS OF BUSINESS RELATIONS BETWEEN TWO COUNTRIES, WHAT IS IMPORTANT, HE WARNED, IS THAT THIS PROCESS NOT DRAG ON TOO LONG.

6. COMMENT: AT DINNER BREZHNEV READ SPEECH IN OFF-HAND, ALMOST NEGLIGENT MANNER, STOPPING AT ONE POINT TO LEAN OVER TO PATOLICHEV ON HIS LEFT TO ASK WHETHER A PARTICULAR

PASSAGE IN WRITTNE TEXT WAS REALLY WHAT PATOLICHEV WANTED HIM TO SAY. CONTRAST BETWEEN RATHER BLUNT SPEECH TEXT AND CORDIAL NOTE PREVAILING THROUGHOUT SECRETARY SIMON'S VISIT LEADS EMBASSY TO CONCLUDE THAT BREZHNEV AND HIS ADVISERS FOUND IT NECESSARY TO PUT SOMETHING STERN IN THE RECORD TO CUNTER ANY SOVIET DOMESTIC CRITICISM WHICH MAY ARISE IN CONNECTION WITH CONCESSIONS ON SOVIET PART TO US SIDE IN CONNECTION WITH TITLE IV OF TRADE BILL AND TO HEDGE AGAINST POSSIBLE UNRAVELLING OF THE JOVIAL EMIGRATION COMPROMISE. ATMOSPHERE WHICH CHARACTERIZED DINNER AS WELL AS SCHEDULING OF THIS EVENT IN SETTING CLEARLY INTENDED TO FLATTER US GUESTS WOULD SEEM TO CONFIRM THIS SIGNAL.
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